

Presented to the Court by the foreman of the
Grand Jury in open Court, in the presence of
the Grand Jury and FILED in the U.S.
DISTRICT COURT at Seattle, Washington.

November 6 20 19
WILLIAM M. McCOOL, Clerk
By [Signature] Deputy

UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff,

v.

JAE Y. LEE,

RICHARD W. REID,

KEVIN W. PULS, and

NORTHWEST PHYSICIANS

LABORATORIES, LLC,

Defendants.

NO **CR19-228** JCC

INDICTMENT

The Grand Jury charges that:

INTRODUCTORY ALLEGATIONS

At all times relevant to this Indictment:

A. Northwest Physicians Laboratories (NWPL)

1. Defendant NORTHWEST PHYSICIANS LABORATORIES, LLC
(hereinafter "NWPL") was a toxicology laboratory located in Bellevue, Washington.
NWPL was owned by both physician-shareholders and by other equity owners who were
called Common Members. The NWPL physician-shareholders were located in

1 Washington State and in other states across the country. NWPL was founded in 2012 and
2 continued to gain physician-shareholders in 2013, 2014, and 2015.

3 2. Defendant JAE Y. LEE was NWPL's Chief Executive Officer and a
4 Common Member. As the CEO and an owner of NWPL, LEE was responsible for,
5 among other things, determining physician-shareholder membership, making physician-
6 shareholder payments, paying the expenses of the business, and obtaining payments from
7 other toxicology laboratories.

8 3. Defendant RICHARD W. REID was the lead sales officer for NWPL and a
9 Common Member. REID was responsible for, among other things, NWPL marketing,
10 including training and supervising NWPL sales representatives, recruiting physician-
11 shareholders, and maintaining and terminating physician-shareholder relationships.

12 4. Defendant KEVIN W. PULS was the Executive Director of NWPL,
13 beginning in 2014. In this role, PULS was responsible for, among other things, directing
14 the marketing of NWPL, training sales representatives to market NWPL, determining
15 physician-shareholder membership, making physician-shareholder payments, and
16 maintaining and terminating physician-shareholder relationships.

17 5. Defendants JAE Y. LEE, RICHARD W. REID, and KEVIN W. PULS took
18 all actions alleged in this Indictment within the scope of their agency for the benefit of
19 NWPL, and their actions were intended, at least in part, to benefit NWPL.

20 6. Most of the NWPL physician-shareholders treated patients for pain
21 management and often prescribed opioids and other pain management medications to
22 their patients. These physicians therefore sometimes required patients who had been
23 prescribed opioids and other pain management medications to submit urine specimens for
24 toxicology testing in order to monitor the levels of pain medication or other narcotics in
25 their bodies. NWPL physician-shareholders generated thousands of these urine
26 specimens for toxicology testing.

27 7. When pain management patients provided urine specimens for toxicology
28 testing, their physicians usually sent these specimens to an outside laboratory that ran a

1 particular panel of tests based on the physicians' orders. Testing laboratories typically
2 billed the patients' commercial insurance, or a federal health care program, or the patient
3 himself or herself, for performing urine toxicology testing. Urine toxicology testing was
4 a covered service under Medicare, TRICARE, and Medicaid, and most private
5 commercial insurance, so long as the testing was reasonable and medically necessary.

6 8. NWPL performed urine toxicology testing. NWPL received almost all of
7 its urine specimens for toxicology testing from its physician-shareholders. The
8 physician-shareholders directed their patients to provide urine specimens, and NWPL
9 collected these urine specimens and transported the specimens to its Bellevue,
10 Washington, laboratory at no cost to the physician-shareholders. NWPL employees
11 tested the urine specimens from patients covered by commercial insurance. NWPL made
12 money by submitting these urine toxicology tests for payment to the patients' commercial
13 insurance.

14 9. NWPL executives, namely, JAE Y. LEE, RICHARD W. REID, and
15 KEVIN W. PULS, offered NWPL physician-shareholders between one and eleven
16 ownership shares. The cost to purchase one ownership share was a one-time payment of
17 \$3000.

18 10. JAE Y. LEE, RICHARD W. REID, KEVIN W. PULS caused NWPL to
19 make monthly dividend payments to its physician-shareholders based on the number of
20 ownership shares held by that physician-shareholder. From 2013-2015, the monthly
21 payment to NWPL physician-shareholders was \$4000 per month, per share. LEE, REID,
22 PULS, and others determined the number of ownership shares for each shareholder
23 based, in part, on the number of urine specimens that the physician-shareholder sent to
24 NWPL for toxicology testing. Physician-shareholders who sent more urine specimens for
25 toxicology testing to NWPL received more shares and larger payments than shareholders
26 who sent fewer specimens. By early 2015, the NWPL physician shareholders with the
27 most urine specimens were receiving more than \$20,000 a month in payments. If a
28 NWPL physician-shareholder did not send sufficient urine toxicology specimens to

1 NWPL, the shareholder's membership was terminated and the shareholder's shares were
2 redeemed.

3 11. Federal law restricted physicians from referring patients for services, paid
4 for by Medicare or other federal health care programs, to an entity that the physician
5 owned, like a physician-owned laboratory. Further, federal law prohibited paying
6 anything of value for referrals payable by a federal health care program. Accordingly,
7 NWPL did not test urine specimens from patients with federal insurance and NWPL did
8 not bill federal insurance.

9 **B. Sterling Reference Laboratories (Sterling)**

10 12. Sterling Reference Laboratories (hereinafter "Sterling") was a toxicology
11 testing laboratory located in Tacoma, Washington and performed toxicology testing on
12 urine specimens. Sterling was a competitor with NWPL. Sterling had other laboratory
13 locations in Colorado and New York (collectively referred to hereinafter as "Sterling").
14 Sterling was not a physician-owned laboratory. Sterling was an approved Medicare
15 provider and Sterling regularly submitted claims to Federal health care programs for
16 payment.

17 **C. Molecular Testing Labs (MTL)**

18 13. Molecular Testing Labs (hereinafter "MTL") was a toxicology and genetics
19 testing laboratory located in Vancouver, Washington. Steven P. Verschoor was a co-
20 founder and the Vice President of Global Sales and Marketing for MTL. In the role of
21 Vice President of Sales and Marketing, Verschoor was responsible for, among other
22 things, managing the relationship between MTL and NWPL. MTL performed toxicology
23 testing on urine specimens, and was a competitor of NWPL and Sterling. MTL was not a
24 physician-owned laboratory. MTL was an approved Medicare provider and regularly
25 submitted claims to Federal health care programs for payment.

26 **D. Federal Health Care Programs**

27 14. The Medicare program ("Medicare") was a health care program established
28 under Title XVIII of the Social Security Act, to provide health care insurance coverage

1 for medical services for persons who were 65 years and older or disabled. Medicare is a
 2 “Federal health care program” as defined in Title 42, United States Code, Section 1320a-
 3 7b(f), that is, a plan or program that provides health benefits and is funded directly, in
 4 whole or in part, by the federal government.

5 15. The TRICARE program (“TRICARE”) was a health care program of the
 6 United States Department of Defense (DOD) Military Health System that provided
 7 coverage for DOD beneficiaries world-wide, including active duty service members,
 8 National Guard and Reserve members, retirees, their families, and survivors. TRICARE
 9 is a “Federal health care program” as defined by 42 U.S.C. § 1320a-7b(f).

10 16. The Medicaid program (“Medicaid”) was a health care program established
 11 under Title XIX of the Social Security Act. Medicaid provides health coverage to
 12 eligible low-income adults, children, pregnant women, elderly adults and people with
 13 disabilities. The program is jointly funded by States and the federal government, and is
 14 administered by States according to federal requirements. Medicaid is a “Federal health
 15 care program” as defined by 42 U.S.C. § 1320a-7b(f).

16 COUNT 1

17 **(Conspiracy to Solicit and Receive Kickbacks Involving Health Care Programs** 18 **and to Offer and Pay Kickbacks Involving Health Care Programs)**

19 17. The allegations in paragraphs 1-16 are re-alleged and incorporated by
 20 reference as if set forth in full herein.

21 **A. The Conspiracy**

22 18. Beginning in or before November 2012, and continuing until in or about
 23 July 2015, at Bellevue, within the Western District of Washington, and elsewhere,
 24 Defendants JAE Y. LEE, RICHARD W. REID, KEVIN W. PULS, and NORTHWEST
 25 PHYSICIANS LABORATORIES, LLC, and others, including Steven P. Verschoor
 26 (collectively the “Co-Conspirators”), did knowingly and willfully conspire, combine,
 27 confederate, and agree among themselves, and with other persons, to commit offenses in
 28 violation of the laws of the United States, to wit:

1 (1) to knowingly and willfully solicit and receive remuneration, directly and
2 indirectly, overtly and covertly, in cash and in kind, that is, kickbacks and
3 bribes, from Sterling, MTL, and others, in return for LEE, REID, PULS,
4 NWPL, and others ordering, and arranging for the ordering of, urine toxicology
5 testing and related services to be conducted by Sterling and MTL for which
6 payment was made in whole and in part under a Federal health care program,
7 that is, Medicare, TRICARE, and Medicaid, in violation of Title 42, United
8 States Code, Section 1320a-7b(b)(1)(B).

9 (2) to knowingly and willfully offer and pay remuneration, directly and indirectly,
10 overtly and covertly, in cash and in kind, that is, kickbacks and bribes, from
11 MTL to NWPL, in order to induce the Co-Conspirators and others to order,
12 and arrange for the ordering of, urine toxicology testing and related services to
13 be conducted by MTL for which payment was made in whole and in part under
14 a Federal health care program, that is, Medicare, TRICARE, and Medicaid, in
15 violation of Title 42, United States Code, Section 1320a-7b(b)(2)(B).

16 **B. The Purpose of the Conspiracy**

17 19. The purpose of the conspiracy was for NWPL executives, including
18 Defendants JAE Y. LEE, RICHARD W. REID, and KEVIN W. PULS, to enrich
19 themselves, NWPL, and the NWPL physician-shareholders by obtaining money in the
20 form of kickback payments, in exchange for arranging for urine specimens, the testing of
21 which had been ordered by NWPL physicians, to be transported to Sterling and MTL for
22 testing and the submission of claims to the federal government for these tests. As to
23 Steven P. Verschoor, the purpose of the conspiracy was for MTL to test these urine
24 specimens, to submit claims to the federal government for these tests, and to receive
25 payment for those claims, in order to enrich MTL and its owners, including Verschoor.
26 During the course of the conspiracy, NWPL received over \$3.8 million in kickback
27 payments from Sterling and MTL. During the course of the conspiracy, Sterling and
28 MTL received more than \$7.5 million in payments from Medicare, TRICARE, and

1 Medicaid for urine toxicology testing ordered by NWPL physician-shareholders that was
2 arranged to be tested by Sterling and MTL by the Co-Conspirators.

3 **C. The Manner and Means of the Conspiracy**

4 20. Even though NWPL did not test urine specimens from patients with federal
5 insurance, or submit bills to Federal health care programs, JAE Y. LEE, RICHARD W.
6 REID, and KEVIN W. PULS, and others, in order to get kickback payments from
7 Sterling and from MTL, directed the NWPL physician-shareholders to send all urine
8 specimens that needed toxicology testing to NWPL's Bellevue laboratory, including
9 urine specimens from patients with federal insurance.

10 21. JAE Y. LEE, RICHARD W. REID, and KEVIN W. PULS rewarded
11 NWPL physician-shareholders for sending urine specimens from federally-insured
12 patients to NWPL by offering certain physician-shareholders more ownership shares
13 based on the total amount of urine specimens sent to NWPL, including urine specimens
14 from federally-insured patients. Accordingly, NWPL, at the direction of the other Co-
15 Conspirators, paid the physician-shareholders kickbacks in the form of increased monthly
16 dividend payments for sending NWPL federally-insured urine specimens.

17 22. Once the federally-insured urine specimens arrived at NWPL's Bellevue
18 laboratory, JAE Y. LEE, RICHARD W. REID, KEVIN W. PULS, and other NWPL
19 employees controlled these urine specimens, rather than the physician-shareholders. In
20 this way, LEE, REID, and PULS, were able to solicit kickbacks from other toxicology
21 laboratories in exchange for arranging for the toxicology testing of these federally-
22 insured patients' urine specimens.

23 23. JAE Y. LEE, RICHARD W. REID, and KEVIN W. PULS solicited
24 Sterling and MTL and sought remuneration in the form of kickback payments to NWPL
25 in return for arranging for urine specimens from federally-insured patients to be tested at
26 Sterling and MTL, and based on the value of those urine specimens to Sterling and MTL.

27 24. In order to disguise Sterling and MTL's kickback payments, JAE Y. LEE,
28 RICHARD W. REID, and KEVIN W. PULS created sham agreements called

1 "Administrative Services Agreements" that falsely described Sterling and MTL's
2 payments to NWPL as payments for services rendered by NWPL. LEE, REID, and
3 PULS required that representatives from Sterling and MTL make payments to NWPL
4 pursuant to these sham Administrative Services Agreements in order to receive urine
5 specimens under the Co-Conspirators' control. However, as LEE, REID, and PULS
6 knew, NWPL did not perform all or most of the services listed in the Administrative
7 Services Agreements and the Administrative Services Agreements were not arms-length,
8 fair market value contracts.

9 25. JAE Y. LEE, on behalf of NWPL, signed Administrative Services
10 Agreements with Sterling in January 2013, December 2013, August 2014, and February
11 2015; LEE signed an Administrative Services Agreement with MTL in September 2014.
12 LEE was the lead NWPL negotiator for each of these agreements and demanded large
13 payments based on the value of the urine specimens to Sterling and MTL. Neither LEE
14 nor other Co-Conspirators sought payment for the actual cost to NWPL to perform
15 services. Rather than a contract for services, the Administrative Services Agreement
16 reflected payment for arranging for urine specimens to be sent to Sterling and MTL for
17 testing.

18 26. The Administrative Services Agreements were actually disguised kickback
19 payments because, among other reasons, the agreements purported to cause Sterling and
20 MTL to pay NWPL hundreds of thousands of dollars a year for NWPL representatives to
21 market Sterling and MTL's lab testing services to potential customers. The sham
22 Services Agreement falsely listed a series of marketing tasks that NWPL representatives
23 were required to perform on behalf of Sterling and MTL and falsely listed the number of
24 employees to perform these tasks. Even though NWPL agreed to perform marketing
25 services for Sterling and MTL, JAE Y. LEE, RICHARD W. REID, and KEVIN W.
26 PULS and others did not hire sufficient sales employees and did not direct NWPL sales
27 employees to market Sterling and MTL as described in the Service Agreements. LEE,
28 REID, and PULS further concealed and misrepresented the financial relationships

1 between NWPL and Sterling, and NWPL and MTL, from its sales employees and other
2 NWPL employees.

3 27. The so-called marketing payments from Sterling were, in fact, payments for
4 urine specimens and were not in exchange for actual marketing services. For example, in
5 December 2013, NWPL signed an Administrative Services Agreement with Sterling to
6 perform marketing services throughout 2014, but in August 2014, JAE Y. LEE caused
7 NWPL and Sterling to enter into another agreement that purported to require NWPL to
8 perform additional marketing services for Sterling. However, in truth and in fact, and as
9 LEE, KEVIN W. PULS, and RICHARD W. REID well knew, LEE, PULS, and REID
10 did not intend to perform any additional marketing services for Sterling and the August
11 2014 Administrative Services Agreement was a sham intended to cause Sterling to pay
12 additional money to NWPL because the volume of NWPL's urine specimens that Sterling
13 received were higher than expected.

14 28. Even though NWPL had signed Administrative Services Contracts with
15 Sterling in 2013 and 2014, JAE Y. LEE signed another Administrative Services
16 Agreement with a different toxicology laboratory, MTL, in September 2014. Even
17 though LEE had signed agreements with Sterling that purported to pay for half of
18 NWPL's marketing expenses, LEE signed a similar agreement with MTL that also
19 purported to pay for half of NWPL's marketing expenses. The Co-Conspirators were
20 aware that these so-called services payments from Sterling and MTL were in excess of
21 NWPL's marketing expenses, but continued to collect the kickback payments.

22 29. Rather than a contract for services, the MTL Administrative Services
23 Agreement reflected payment for arranging for urine specimens to be sent to MTL for
24 testing. The MTL Administrative Services Agreement required MTL to pay NWPL
25 \$99,959 per month for a period of 12 months. However, prior to signing the agreement,
26 JAE Y. LEE and other Co-Conspirators wrongfully agreed that MTL would pay NWPL
27 approximately \$50,000 per month for arranging for 500 urine specimens to be tested at
28 MTL, and that MTL would pay NWPL approximately \$100,000 per month for arranging

1 for 1000 urine specimens to be tested at MTL. The Co-Conspirators based the amounts
2 of the actual payments made under the Administrative Services Agreement on the
3 number of urine specimens that were ultimately sent from NWPL to MTL. MTL actually
4 made \$50,000 payments to NWPL every month from October 2014 through June 2015
5 because the Co-Conspirators had agreed that MTL would pay only \$50,000 per month,
6 not \$99,959 per month as required by the Administrative Services Agreement, because
7 NWPL was not sending the expected number of urine specimens to MTL.

8 30. The payments under the Administrative Services Agreements were
9 disguised kickback payments and not legitimate payments for services rendered, because
10 the agreements purported to cause Sterling and MTL to pay for other services that either
11 were not provided or that provided no benefit to Sterling or MTL. For example, the sham
12 Administrative Service Agreements required Sterling and MTL to pay for the
13 transportation of urine specimens from NWPL physician-shareholder offices to NWPL's
14 Bellevue laboratory, for laboratory staff, and other payments that were in excess of
15 NWPL's actual expenses.

16 31. The payments under the Administrative Services Agreements were
17 disguised payments for urine specimens and not legitimate payments for services
18 rendered, because when Sterling or MTL were late in making payments to NWPL, or
19 missed an expected payment to NWPL, JAE Y. LEE, RICHARD W. REID, KEVIN W.
20 PULS, and others at NWPL, refused to arrange for urine specimens to be sent to Sterling
21 or MTL, and threatened to stop arranging for urine specimens to be sent to Sterling and
22 MTL.

23 32. The payments under the Administrative Services Agreements were not
24 legitimate payments for services rendered, because the agreements were regularly back-
25 dated without regard for the provision of actual services. For example, JAE Y. LEE and
26 other Co-Conspirators back-dated the first NWPL-Sterling agreement in early 2013, the
27 third agreement in August 2014, and the fourth agreement in February 2015. Further, in
28 April 2015, LEE signed a new version of the NWPL-MTL Administrative Services

1 Agreement and back-dated it to October 1, 2014. The Co-Conspirators' back-dating
2 these contracts resulted from increases in the amount of the kickback payments and also
3 served to hide the true nature of the kickback payments.

4 33. JAE Y. LEE, RICHARD W. REID, KEVIN W. PULS, and others,
5 wrongfully agreed to conceal the Administrative Services Agreements with Sterling and
6 with MTL from the NWPL physician-shareholders. In order to assuage physician
7 concerns, LEE, REID, and PULS affirmatively misrepresented, and directed others to
8 misrepresent, the financial relationship between NWPL and the other toxicology
9 laboratories to physicians.

10 34. The Co-Conspirators tracked the number of urine specimens from NWPL
11 physician shareholders that were transported to NWPL's Bellevue laboratory, and the Co-
12 Conspirators further tracked the number of urine specimens that were transported to
13 Sterling and MTL for toxicology testing as arranged for by the Co-Conspirators. The Co-
14 Conspirators used these numbers, in part, to determine the payments required under the
15 Administrative Services Agreements.

16 35. Between January 2013 and July 2015, JAE Y. LEE, RICHARD W. REID,
17 KEVIN W. PULS, and other NWPL employees caused thousands of urine specimens
18 from patients with federal insurance to be sent from NWPL's Bellevue laboratory to
19 Sterling and to MTL. Sterling conducted toxicology testing on these urine specimens and
20 submitted claims for payment to Federal health care programs for this testing for more
21 than \$25 million. In total, during this time period, Sterling received more than \$7.1
22 million from Federal health care programs for these submissions. MTL conducted
23 toxicology testing on these urine specimens; and MTL submitted claims for payment for
24 this urine toxicology testing of more than \$2 million to Federal health care programs. In
25 total, during this time period, MTL received more than \$460,000 from Federal health care
26 programs for these submissions.

27 36. Between February 2013 and August 2015, NWPL, JAE Y. LEE,
28 RICHARD W. REID, and KEVIN W. PULS received kickback payments from Sterling

1 and MTL. Sterling made payments every month from at least February 2013 to June
2 2015. In February 2013, the monthly payment was \$34,579, eventually, in June 2015, the
3 monthly payment was \$261,291.67. In total, NWPL received more than \$3.4 million in
4 kickback payments from Sterling. MTL made \$50,000 payments to NWPL every month
5 from October 2014 through June 2015. In total, NWPL received \$450,000 in kickback
6 payments from MTL.

7 **D. Overt Acts**

8 37. During the course of and in furtherance of the conspiracy, JAE Y. LEE,
9 RICHARD W. REID, KEVIN W. PULS, and others, committed the following overt acts,
10 among others, within the Western District of Washington and elsewhere:

11 a. On or about November 20, 2014, JAE Y. LEE, RICHARD W. REID, and
12 KEVIN W. PULS caused check number 64313, in the amount of \$222,541.67, payable to
13 NWPL and drawn on Sterling's bank account, to be deposited in NWPL's Wells Fargo
14 account ending in 4952, purportedly for NWPL's services pursuant to the Services
15 Agreements dated January 1, 2014 and August 1, 2014.

16 b. On or about November 20, 2014, JAE Y. LEE, RICHARD W. REID, and
17 KEVIN W. PULS arranged for certain urine specimens to be sent to Sterling for
18 toxicology testing and related services for which payment was made in whole and in part
19 under a Federal health care program.

20 c. On or about January 9, 2015, JAE Y. LEE and others caused an interstate
21 wire transfer in the amount of \$50,000 to be sent from the Bank of America account of
22 Blackfly Investments DBA MTL, and deposited into NWPL's Wells Fargo bank account,
23 purportedly for NWPL's services pursuant to the Services Agreement dated October 1,
24 2014.

25 d. On or about February 6, 2015, JAE Y. LEE and others caused an interstate
26 wire transfer in the amount of \$50,000 to be sent from the Bank of America account of
27 Blackfly Investments DBA MTL, and deposited into NWPL's Wells Fargo bank account,
28

1 purportedly for NWPL's services pursuant to the MTL Services Agreement dated
2 October 1, 2014.

3 e. On or about February 10, 2015, JAE Y. LEE and others caused an
4 amendment to the first NWPL-Sterling Services Agreement to be signed and back-dated
5 to January 1, 2015.

6 f. On or about March 3, 2015, JAE Y. LEE, RICHARD W. REID, and
7 KEVIN PULS caused check number 3536 to be prepared in the amount of \$20,000,
8 payable to NWPL physician-shareholder D.T. and drawn on NWPL's Wells Fargo bank
9 account ending in 5058, as an inducement for D.T. to send urine specimens from
10 federally insured patients to NWPL.

11 g. On or about April 30, 2015, JAE Y. LEE, caused another version of the
12 NWPL-MTL Administrative Services Agreement to be signed and back-dated to October
13 1, 2014.

14 h. On or about May 21, 2015, JAE Y. LEE, RICHARD W. REID, and
15 KEVIN W. PULS caused check number 66617, in the amount of \$261,291.67, payable to
16 NWPL and drawn on Sterling's bank account, to be deposited in NWPL's Wells Fargo
17 account ending in 4952, purportedly for NWPL's services pursuant to the Services
18 Agreements dated January 1, 2015 and August 1, 2014.

19 i. On or about June 25, 2015, JAE Y. LEE and others terminated all of the
20 Administrative Services Agreements between NWPL and Sterling, in order to conceal
21 wrongful conduct from government investigators.

22 j. On or about July 2, 2015, JAE Y. LEE and others terminated the
23 Administrative Services Agreement between NWPL and MTL, in order to conceal
24 wrongful conduct from government investigators.

25 All in violation of Title 18, United States Code, Section 371.

26 //

27 //

COUNTS 2-5
(Receipt of Kickbacks)

38. The allegations in paragraphs 1-37 are re-alleged and incorporated by reference as if set forth in full herein.

39. In exchange for JAE Y. LEE, RICHARD W. REID, and KEVIN W. PULS ordering, and arranging for the ordering of, urine toxicology testing and related services to be conducted by Sterling and MTL, including but not limited to those services reimbursed by Medicare, TRICARE, and Medicaid, NWPL solicited and received compensation from Sterling and MTL.

40. On or about the dates listed below, at Bellevue, in the Western District of Washington, and elsewhere, JAE Y. LEE, RICHARD W. REID, KEVIN W. PULS, and NWPL did knowingly and willfully solicit and receive the remuneration listed below, directly and indirectly, overtly and covertly, in cash and in kind, that is, kickbacks and bribes from Sterling, MTL, and others, in return for LEE, REID, PULS, NWPL and others ordering, and arranging for the ordering of, urine toxicology testing and related services to be conducted by Sterling and MTL for which payment was made in whole and in part under a Federal health care program, that is, Medicare, TRICARE, and Medicaid:

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Count	Date Payment Received	Payment Amount	Payment Description
2	On or about November 7, 2014	\$50,000.00	Payment received by NWPL from MTL, purportedly for services pursuant to October 1, 2014 Services Agreement
3	On or about November 20, 2014	\$222,541.67	Payment received by NWPL from Sterling, purportedly for services pursuant to January 1, 2014, and August 1, 2014 Services Agreements
4	On or about February 6, 2015	\$50,000.00	Payment received by NWPL from MTL, purportedly for services pursuant to October 1, 2014 Services Agreement
5	On or about May 21, 2015	\$261,291.67	Payment NWPL from Sterling, purportedly for services pursuant to January 1, 2015, and August 1, 2014 Services Agreements

All in violation of 42 U.S.C. § 1320a-7b(b)(1)(B) and Title 18, U.S.C. 2.

ASSET FORFEITURE ALLEGATIONS

The allegations in Count 1 of this Indictment are hereby re-alleged and incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) (by way of Title 28, United States Code, Section 2461(c)). Upon conviction of the offense charged in Count 1, the defendants JAE Y. LEE, RICHARD W. REID, KEVIN W. PULS, and NWPL shall each forfeit to the United States any property constituting, or derived from, any proceeds they obtained as a result of the offense. This property includes, but is not limited to, sums of money representing the proceeds each defendant obtained as a result of the offense.

1 The allegations in Counts 2-5 of this Indictment are hereby re-alleged and
2 incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18,
3 United States Code, Section 982(a)(7). Upon conviction of an offense charged in Counts
4 2-5, the defendants JAE Y. LEE, RICHARD W. REID, KEVIN W. PULS, and NWPL
5 shall each forfeit to the United States any property constituting, or derived from, any
6 proceeds they obtained as a result of the offense. This property includes, but is not
7 limited to, sums of money representing the proceeds each defendant obtained as a result
8 of the offense.

9 **Substitute Property.** If any of the property described above, as a result of any act
10 or omission of the defendants:

- 11 a. cannot be located upon the exercise of due diligence;
- 12 a. has been transferred or sold to, or deposited with, a third party;
- 13 b. has been placed beyond the jurisdiction of the Court;
- 14 c. has been diminished in value; or,
- 15 d. has been commingled with other property which cannot be divided without
16 difficulty,

17 //

18 //

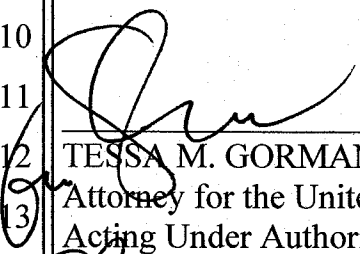
1 it is the intent of the United States to seek the forfeiture of any other property of the
2 defendants' up to the value of the above-described forfeitable property pursuant to Title
3 21, United States Code, Section 853(p).

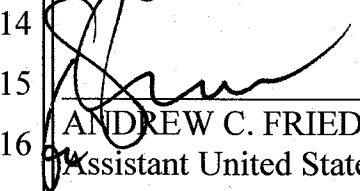
4 A TRUE BILL:

5 DATED: 11/6/19


6 *(Signature of Foreperson redacted*
7 *Pursuant to the policy of the Judicial*
8 *Conference of the United States)*

9 FOREPERSON

10
11
12 
13 TESSA M. GORMAN
14 Attorney for the United States,
15 Acting Under Authority Conferred by 28 U.S.C. § 515

16 
17 ANDREW C. FRIEDMAN
18 Assistant United States Attorney

19 
20 BRIAN D. WERNER
21 Assistant United States Attorney

22 
23 MATTHEW D. DIGGS
24 Assistant United States Attorney
25
26
27
28